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VERNON COMMUNITY ACTION COUNCIL, INC.
LEESVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/15/09

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ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

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W. Micheal Elliott, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana:

I have audited the accompanying statement of financial position of Vernon Community Action Council, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These statements are the responsibility of the Vernon Community Action Council, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Community Action Council, Inc. as of December 31, 2008, and changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 25, 2009, on my consideration of Vernon Community Action Council, Inc.'s internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Vernon Community Action Council, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Elliott & Assoc. "APAC"
Leesville, Louisiana
June 25, 2009

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Vernon Community Action Council, Inc.

I have audited the financial statements of the Vernon Community Action Council, Inc. as of and for the year ended December 31, 2008, and have issued my report thereon dated June 25, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Vernon Community Action Council, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, record, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vernon Community Action Council, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Elliott & Assoc. "APAC"

Leesville, Louisiana
June 25, 2009

Vernon Community Action Agency, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 2008

I have audited the financial statements of the Vernon Community Action Agency, Inc. as of and for the year ended December 31, 2008, and have issued my report thereon dated June 25, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2008 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

*a. Report on Internal Control and Compliance
Material to the Financial Statements*

Internal Control

Material Weaknesses ☐ Yes ☒ No

Compliance

Compliance Material to Financial
Statements ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No ☐ N/A

Type of Opinion On Compliance For Major Programs

Unqualified	<input checked="" type="checkbox"/>	Qualified	<input type="checkbox"/>
Disclaimer	<input type="checkbox"/>	Adverse	<input type="checkbox"/>
N/A	<input type="checkbox"/>		

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☒ No ☐ N/A

Vernon Community Action Council, Inc.
STATEMENT OF FINANCIAL POSITION

December 31, 2008

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 3,811
Grant receivable	<u>26,913</u>
Total Current Assets	<u>30,724</u>
Noncurrent Assets:	
Property and equipment (net)	<u>19,326</u>
Total Noncurrent Assets	<u>19,326</u>
Total Assets	<u>\$ 50,050</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 31,777
Payroll taxes payable	3,967
Vacation payable	<u>10,910</u>
Total Current Liabilities/Total Liabilities	<u>46,654</u>
Net Assets	
Net assets-property, plant, and equipment	19,326
Unrestricted -deficit	<u>(22,722)</u>
Total Net Assets	<u>3,396</u>
Total Liabilities and Net Assets	<u>\$ 50,050</u>

The accompanying notes are an integral part of this statement.

Vernon Community Action Council, Inc.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

UNRESTRICTED NET ASSETS

Unrestricted Revenues

Grants	\$597,242
Services	548,641
Other	<u>21,817</u>

Total Unrestricted Revenues	<u>1,167,700</u>
-----------------------------	------------------

Expenses

Program Services

Community Service Block Grant	111,257
LIHEAP Energy Assistance	277,295
Transitional Housing	45,694
Weatherization Assistance	91,913
Other programs	<u>71,083</u>

Total Program Services	<u>597,242</u>
------------------------	----------------

Support Services	<u>601,418</u>
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Depreciation	<u>3,871</u>
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Total Support Services	<u>3,871</u>
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Total Expenses	<u>1,202,531</u>
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Decrease in Unrestricted Net Assets	(34,831)
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NET ASSETS AT BEGINNING OF YEAR	<u>38,227</u>
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NET ASSETS AT END OF YEAR	<u>\$ 3,396</u>
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The accompanying notes are an integral part of this statement.

Vernon Community Action Council, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Net increase in net assets	\$ 26,270
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation	4,066
Increase in grants receivable	(17,958)
Increase in accounts payable	9,664
Other current liabilities	<u>(13,523)</u>
Net cash provided by operating activities	<u>8,519</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>---</u>
Net cash provided by investing activities	<u>---</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Purchase of equipment	<u>(6,928)</u>
Net cash used by financing activities	<u>---</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	1,591
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,960</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,551</u>

The accompanying notes are an integral part of this statement.

Vernon Community Action Council, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Vernon Community Action Council, Inc., (Agency) is a nonprofit corporation incorporated to strengthen and preserve the dignity and economic mix of the parish. The work of the corporation significantly affects three levels of community life: helping individuals and families with housing and social services; establishing other programs designed to meet pressing community needs.

VCAC operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor, disadvantaged, and unemployed in Vernon Parish. VCAC administers the following programs shown with their approximate percentage of revenues for the year ended December 31, 2008:

Community Services Block Grant (18.63%) Administers various programs to fulfill responsibilities and provide assistance to the poor, disadvantaged, and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Supportive Housing Grant (7.66%) Provides housing and services to assist homeless persons in the transition from homelessness and enable them to live independently. Funding is provided through federal funds from the U.S. Department of Housing and Urban Development.

Weatherization Assistance Program (15.39%) Provides assistance to weatherize (insulate) the dwellings of low-income persons, particularly the elderly and handicapped low-income, in order to conserve needed energy and aid those persons least able to afford higher utility costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency and the Louisiana Community Action Partnership.

Emergency Food and Shelter National Board Program (3.31%) The program provides funding to purchase food and shelter for people in emergency situations. Funding is provided by federal funds from the U.S. Department of Homeland Security.

Low-Income Energy Assistance (46.43%) Program provides assistance in the form of an energy payment to a vendor on behalf of hardship households and energy conservation education. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency and the Louisiana Community Action Partnership.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America.

Basis of Presentation

The Vernon Community Action Council, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS no. 117, the Agency is required to report information

Vernon Community Action Council, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Agency does not use fund accounting.

Furthermore, the Agency does not have any temporarily restricted or permanently restricted net assets.

Income Tax Status

Vernon Community Action Council, Inc. is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Revenue/Support

The Agency receives its annual revenue and support from a number of State and Federal agencies. The major portion of that support is derived from the U.S. Department of Health and Human Services.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increase in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Compensated Absences

Employees accrue vacation leave based on years of service. Up to 240 hours of annual leave can be carried over to the next year. All accrued leave in excess of 240 hours may be compensated at the rate of pay of year end at the discretion of the Executive Director. Uncompensated vacation at December 31, 2008 was \$10,910.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful

Vernon Community Action Council, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets

generally as follows;

Furniture and equipment	5 years
Vehicles	3 years
Buildings	27 years

Note 2 - Cash Collateral

As of December 31, 2008, cash held by the Vernon Community Action Council, Inc. was secured in full by FDIC (Federal Depositors Insurance Corporation) insurance at the financial institution where deposited.

Note 3 - Property and Equipment

Property and equipment consist of the following:

Land	\$ 4,000
Buildings	39,000
Equipment	21,845
Furniture and fixtures	7,379
Less: Accumulated depreciation	(52,898)
Net	<u>\$ 19,326</u>

Note 4 - Commitments

None

Note 5 - Long-term debt

None

Note 6- Related Party Transaction

None

Note 7- Grants Receivable

Grants receivable represent amounts that have been expended for grant purposes and are to be reimbursed by the grantor. Management considers all receivables to be collectible. Therefore, no allowance for doubtful accounts has been established.

Note 8- Pension Plan

The Agency does not have a pension plan for its employees; however, they do participate in the FICA program.

Vernon Community Action Council, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Note 9- Compensated Absences

The Agency accrues a liability for vacation pay in accordance with SFAS No.43. A liability for vacation pay has been presented in these statements in the amount of \$10,910.

Note 10 - Off-Balance Sheet Risk

The Agency does not engage in off-balance sheet financing as defined in FAS Statement 105.

Note 11 - Economy Dependency

The Agency received a substantial amount of its support from the Federal Government and State Grants. Renewal of these grants is subject to approval from year to year.

Note 12 - Subsequent Events

None

Note 13 - Contingencies

None

Note 14- Risk Management

The Agency is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Agency carries commercial insurance as outlined in the following table.

	LIMITS OF COVERAGE
Workmen's compensation	Statutory
Auto liability	300,000
Commercial general liability	1,000,000
Buildings and equipment	174,500

The Agency covers all other losses, claim settlements, and judgments from operating resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Agency was not involved in any litigation nor did it have asserted claims lodged against it.

SUPPLEMENTARY DATA

Vernon Community Action Council, Inc.
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the year ended December 31, 2008

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Revenues Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Louisiana Dept of Labor Community Services Block Grant	93.569	2007N0071	\$ 87,466	\$ 87,466
Community Services Block Grant	93.569	2008N0071	23,791	23,791
Subtotal CFDA #93.569			<u>\$111,257</u>	<u>\$ 111,257</u>
Passed through the La. Housing Fin Agcy Low Income Energy Assistance and LACAP	93.568	REG LIHEAP	<u>277,295</u>	<u>277,295</u>
Totals for the U.S. Department of Health and Human Services			<u>388,552</u>	<u>388,552</u>
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	97.024		<u>19,764</u>	<u>19,764</u>
Totals for the U.S. Department of Homeland Security			<u>19,764</u>	<u>19,764</u>
<u>U.S. Department of Energy</u>				
Passed through the La. Housing Fin Agcy and LACAP Weatherization Assistance Program	81.042	WEATHERIZATION	91,913	91,913
Totals for U.S. Department of Energy			<u>91,913</u>	<u>91,913</u>
<u>U.S. Department of Housing and Urban Development</u>				
Supportive Housing Program	14.235	LA48B607006	17,525	17,525
Supportive Housing Program	14.235	LA48B607007	28,169	28,169
Totals for U.S. Department of Housing and Urban Development			<u>45,694</u>	<u>45,694</u>
Passed through the VPPJ Emergency Shelter Grants Program	14.231	CFMS24480 TOTAL	<u>\$ 19,764</u>	<u>\$ 19,764</u>

Vernon Community Action Council, Inc.
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended December 31, 2008

(Schedule 1 Continuation)

Note A: Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Vernon Community Action Council and has been prepared using the accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for the presenting the fund financial statements.

Note B: The Vernon Community Action Council, Inc. did not pass-through any of its federal awards to a sub recipient during the fiscal year.

Note C: No federal awards were expended in the form of non-cash assistance during the fiscal year.

The accompanying notes are an integral part of this statement.

Vernon Community Action Council, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 2008

Financial Statements

Types of auditor's report issued: Unqualified

Internal Control

Material weaknesses identified? ☐ yes ☒ no

Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Prior year audit findings NONE

Management's Corrective Action Plan NONE

Memorandum of Other Comments and Recommendations None

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Reportable conditions identified not considered to be material weaknesses? ☐ yes ☒ None reported

Type of auditor's report issued on compliance for major program: Qualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)? ☐ yes ☒ No

Vernon Community Action Council Inc.
SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 2008

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2007.1 The Council did not issue its December 31, 2007 audit report with the statutory time frame; this is a violation of LSA # 24 (A) (5) (a).

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

There were no prior year findings relating to internal control and compliance material to federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter with prior year audit report.

See independent auditor's report.

Vernon Community Action Council Inc.
COMPENSATION FOR BOARD MEMBERS

For the Year Ended December 31, 2008

During the year ended December 31, 2008, no per diem payments or other compensation payments were made to board members.